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Message Text

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PAGE 01 STATE 195594

63
ORIGIN EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

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STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

JUSE-00 /098 R

DRAFTED BY EB/OT/STA:MCJONES:CLJ
APPROVED BY EB/OT/STA:WCLARK,JR.
EA/J:DSMITH
TREASURY:HSHELLEY
---------- 106404
P R 181946Z AUG 75
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY
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E.O. 11652:N/A

TAGS: ETRD, JA

SUBJECT: ANTIDUMPING INVESTIGATION--AUTOMOBILES FROM JAPAN

REF: STATE 187112, 188086, A-5388

1. ON AUGUST 15 MR. YOKOYAMA OF THE JAPANESE EMBASSY
DELIVERED THE FOLLOWING NOTE TO THE DEPARTMENT: BEGIN TEXT--

THE EMBASSY OF JAPAN PRESENTS ITS COMPLIMENTS TO THE
DEPARTMENT OF STATE AND HAS THE HONOR TO EXPRESS THE VIEW
OF THE GOVERNMENT OF JAPAN CONCERNING THE ANTIDUMPING
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PAGE 02 STATE 195594

INVESTIGATION BY THE DEPARTMENT OF THE TREASURY INTO

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

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IMPORTED PASSENGER AUTOMOBILES FROM VARIOUS COUNTRIES.
THE EMBASSY HAS FURTHER THE HONOR TO REQUEST THE DEPARTMENT
TO MAKE KNOWN TO THE DEPARTMENT OF THE TREASURY AND TO THE
UNITED STATES INTERNATIONAL TRADE COMMISSION THE FOLLOWING
VIEW OF THE GOVERNMENT OF JAPAN ON THIS MATTER:

1. THE GOVERNMENT OF JAPAN BELIEVES THAT THE INITIAL
STAGNATION OF THE AMERICAN AUTOMOBILE INDUSTRY OCCURRED
DURING THE ENERGY CRISIS. WITH THE RECESSION WHICH
FOLLOWED FURTHER DEPRESSING THE DEMAND FOR AUTOMOBILES, THE
INDUSTRY WAS NOT ABLE TO RECOVER FROM ITS EARLIER DROP.

2. RECENTLY, THE AMERICAN AUTOMOBILE INDUSTRY HAS BEGUN
TO SHOW SIGNS OF RECOVERY. AT THE SAME TIME, JAPANESE
PASSENGER AUTOMOBILE EXPORTS TO THE UNITED STATES HAVE
FALLEN 25 PERCENT DURING THE FIRST SIX MONTHS OF 1975, AS
COMPARED WITH THE SAME PERIOD LAST YEAR.

3. IT IS UNDERSTOOD THAT THE AMERICAN AUTOMOBILE INDUSTRY,
ITSELF, BELIEVES THAT THE PROBLEMS OF THE INDUSTRY ARE NOT
CAUSED BY THE IMPORT OF FOREIGN CARS AND HAS EXPRESSED
PUBLICLY THIS OPINION OF THE RELATIONSHIP BETWEEN THE
IMPORTS OF FOREIGN CARS AND THE HARDSHIP OF THE U.S.
AUTOMOBILE INDUSTRY.

4. U.S. AUTOMOBILE IMPORTS TOTAL 8 BILLION DOLLARS
ANNUALLY. AN ANTIDUMPING INVESTIGATION INTO A COMMODITY
OF SUCH IMPORTANCE AND MAGNITUDE OF TRADE SHOULD NOT BE
INITIATED WITHOUT A CLEAR STATEMENT OF THE REASONS FOR
THIS MOVE. SUCH ACTION WITHOUT CLARIFICATION THREATENS
THE FREE EXCHANGE OF AUTOMOBILE TRADE AND MAY HAVE ADVERSE
EFFECTS ON THE STABLE EXPANSION OF FREE INTERNATIONAL
TRADE. THIS IS ESPECIALLY TRUE NOW, WHEN THERE IS URGENT
AND IMPERATIVE NEED TO MAINTAIN THE FREE TRADE SYSTEM.

5. ON THE BASIS OF THE ABOVE-MENTIONED FACTS, THE GOVERN-
MENT OF JAPAN ANTICIPATES THAT THE U.S. INTERNATIONAL
TRADE COMMISSION REPORT TO THE DEPARTMENT OF THE
TREASURY AT THE CONCLUSION OF THE 30-DAY INQUIRY WHICH HAS
BEEN REFERRED TO THE COMMISSION WILL CONCLUDE THAT THERE
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IS NO REASONABLE INDICATION OF INJURY CAUSED BY IMPORTS,
AND THAT UPON THE FINDINGS OF THE COMMISSION THE DEPART-
MENT OF THE TREASURY WILL TERMINATE THE INVESTIGATION.--
END TEXT.

2. WITH RESPECT TO POINTS 1 AND 3, IT WAS POINTED OUT
THAT THE TREASURY DEPARTMENT ACKNOWLEDGED DOUBT AS TO
INJURY BY REFERRING CASE TO INTERNATIONAL TRADE COMMIS-

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SION FOR 30-DAY PRELIMINARY INQUIRY. THIS PROCEDURE WAS ESTABLISHED BY THE TRADE ACT OF 1974 IN RESPONSE TO COMPLAINTS FROM U.S. TRADING PARTNERS THAT THE QUESTION OF INJURY WAS NOT BEING CONSIDERED AT THE BEGINNING OF ANTIDUMPING INVESTIGATIONS. POINT 3 ALSO RAISES BY IMPLICATION QUESTION WHETHER CONGRESSMAN DENT AND UAW HAD STANDING TO FILE ANTIDUMPING PETITIONS. NOT ONLY U.S. LAW AND PRECEDENT ALLOW BOTH CONGRESSMEN AND UNIONS TO FILE SUCH PETITIONS, BUT IT IS ALSO IN CONFORMITY WITH GATT ANTIDUMPING CODE ARTICLE 5(A) QUOTE INVESTIGATIONS SHALL NORMALLY BE INITIATED UPON A REQUEST ON BEHALF OF THE INDUSTRY AFFECTED, SUPPORTED BY EVIDENCE BOTH OF DUMPING AND OF INJURY RESULTING THEREFROM FOR THIS INDUSTRY. UNQUOTE.

3. IN EVALUATING INJURY, NOT ONLY EXPORT TRENDS (POINT 2) BUT ALSO CURRENT SALES LEVELS MUST BE TAKEN INTO CONSIDERATION.

4. DEPARTMENT SPOKESMAN STRESSED THAT U.S. GOVERNMENT IS FULLY AWARE OF THE POTENTIAL IMPACT OF THIS CASE ON RELATIONS WITH ITS TRADING PARTNERS. HE URGED THAT OTHER GOVERNMENTS UNDERSTAND THAT 1) LAWS AND PROCEDURES REQUIRE TREASURY DEPARTMENT TO INITIATE AN ANTIDUMPING INVESTIGATION UPON THE RECEIPT OF A VALID PETITION, 2) LEGAL MACHINERY PROVIDES FOR A FULL, FAIR INVESTIGATION OF ALLEGATIONS OF SUCH PRACTICES AND PROVIDES EFFECTIVE ASSURANCES THAT UNWARRANTED OR UNJUSTIFIED ACTION WILL NOT BE TAKEN, AND 3) FILING FOR RELIEF UNDER VARIOUS LEGAL PROCEDURES OPEN TO U.S. FIRMS, WORKERS AND COMMUNITIES SHOULD NOT BE VIEWED AS ACTIONS TAKEN BY ADMINISTRATION, BUT RATHER AS THE EXERCISE OF LEGAL RIGHTS OPEN TO U.S. CITIZENS IN THESE AREAS. SISCO

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